

GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT

MINES AND MINERALS – Development of Penagadapa Coal block of SCCL allocated to APGENCO – Necessary permission to A.P.Mineral Development Corporation Limited to enter into JV agreement with M/s. Sitapuram Power Limited subject to certain terms and conditions – Orders issued - Cancellation Orders - Issued.

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INDUSTRIES & COMMERCE (M.II) DEPARTMENT

G.O.Ms.No. 81,

Dated:28-02-2009.

Read the following:

1. From the APGENCO Letter No. MD/AS(Coal)F.766/163/2008/1600, dated:10-7-2008 & 28-8-2008.
2. From the VC & MD., A.P.Mineral Development Corporation Limited, File. No.A.P.MDC/38/2-COAL/2008, dated:26-11-2008.
3. G.O.Ms.No.31, Ind. & Com. (M.II) Department, dated:02-02-2009.
4. From the VC & MD., A.P.Mineral Development Corporation Limited, File. No.APMDC/38/2-COAL/2008, dated:03-02-2009.
5. G.O.Ms.No.36, Ind.& Com.(M.II) Department, dated:04-02-2009.
6. From the M.D., APGENCO., Letter No.MD/ED(Coal)/F.767 /411/ 2009, dated:-26-02-2009.
7. From the VC & MD., A.P.Mineral Development Corporation Limited, File. No.APMDC/38/2-COAL/2008, dated:27-02-2009.

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**ORDER:-**

In the reference 1<sup>st</sup> read above, APGENCO have agreed to the proposal for development of Anisettipalli, Punukulachilaka and Penagadapa coal blocks by A.P.Mineral Development Corporation Limited, subject to assurance that the coal from these three mines will be supplied to APGENCO as per the need. APGENCO have also agreed to furnish the Bank guarantee to the Ministry of Coal, Government of India in respect of these three coal blocks as directed by the Ministry of Coal while allotting the blocks and that the guarantees so provided shall be recouped/paid to APGENCO by A.P.Mineral Development Corporation Limited at a later date.

2. On acceptance of the proposal, the A.P.Mineral Development Corporation Limited vide its letter dated:11-8-2008 requested the APGENCO to inform about their commitments from these mines so that the A.P.Mineral Development Corporation Limited will plan the programme of the development of the blocks and also with a further request to provide Geological reports and Geological plans of all the blocks for further action by A.P.Mineral Development Corporation Limited. In response to this request, the APGENCO informed vide their letter dated:28-8-2008 that they require entire Coal production of Anisettipalli and Punukulachilaka mine blocks to meet the requirement of future project i.e., coming up in the vicinity of the blocks as well as to meet the shortage of Coal for the existing plants.

3. However, M/s. APGENCO also informed that so far as Penagadapa mine block is concerned, out of total estimated reserves of 110.87 million tones, they have given consent to the Government of Andhra Pradesh to spare 25 million tones to M/s.Sitapuram Power Limited and 30 million tones for Grasim Industries and that they require the balance coal from Penagadapa coal block to establish a new plant around Penagadapa and to meet the shortage of coal in existing plants.

4. Keeping this in view, the Vice Chairman & Managing Director, A.P.Mineral Development Corporation Limited have sent proposals with certain terms and conditions to Government vide reference 2<sup>nd</sup> read above with a request to accord necessary permission to enter into JV agreement with M/s. Sitapuram Power Limited for development of Penagadapa Coal block.

( Contd..Page 2)

5. In the reference 3<sup>rd</sup> read above, the Government have issued orders permitting the A.P.Mineral Development Corporation Limited to enter into JV agreement with M/s. Sitapuram Power Limited, subject to certain terms and conditions mentioned therein.

6. In the reference 5<sup>th</sup> read above, Government have issued certain amendments to the orders issued in the reference 3<sup>rd</sup> read above as proposed by the VC & MD., A.P.M.D.C.Limited in the reference 4<sup>th</sup> read above.

7. In the reference 6<sup>th</sup> read above, the Managing Director, APGENCO informed that they have accepted to the proposal of M/s. A.P.Mineral Development Corporation Limited for development of Penagadapa Coal block presuming the mineable reserves of this block are 110.87 million tones and useful coal for power generation is only about 55 million tones, APGENCO has given consent to Government of Andhra Pradesh for sparing out of balance coal, 25 million tones of coal to Sitapuram Power Limited and 30 Million Tonnes to Grasim Industries Limited. But, since 30-35 million tones only can be exploited/ recovered from this block as mentioned now, the entire quantity has to be supplied to APGENCO. Keeping in view this need of Coal by APGENCO, the M.D., APGENCO requested that his consent letters issued to Government of Andhra Pradesh for sparing 25 million tones to M/s. Sitapuram Power Limited and 30 million tones to M/s Grasim Industries Limited may be treated as cancelled and entire Coal whatever mined from the Penagadapa Coal block should be allotted to APGENCO to meet its coal demand and no coal should be given to any other company other than APGENCO and further requested to cancel the G.O.Ms.No.31, dated:02-02-2009 and G.O.Ms.No.36, dated: 04-02-2009.

8. On the latest request of Managing Director, APGENCO as at para 7 above; the VC & MD., APMDC has sent proposals vide reference 7<sup>th</sup> read above requesting the Government to cancel the orders issued in the references 3<sup>rd</sup> and 5<sup>th</sup> read above.

9. After careful examination of the matter, Government felt that the request of the APGENCO and VC & MD., APMDC Ltd., to cancel the said two G.Os is in public interest, as the available reserves are to be utilized on priority to meet their needs and hence it is decided to cancel the G.Os. Accordingly, Government hereby cancel the orders issued vide G.O.Ms.No.31, Industries & Commerce (M.II) Department, dated:02-02-2009 and G.O.Ms.No.36, Industries & Commerce (M.II) Dept, dated:04-02-2009.

(BY ORDER AND IN THE NAME OF THE GOVARNOR OF ANDHRA PRADESH)

Y. SRILAKSHMI  
SECRETARY TO GOVERNMENT

To

The VC & MD., A.P.Mineral Development Corporation Limited, Hyderabad.

Copy to:

- 1) The Special Secretary to Hon'ble Chief Minister, A.P. Hyderabad.
  - 2) The P.S. to Hon'ble Minister for Mines & Geology, A.P. Hyderabad.
  - 3) The Finance (Expenditure, I & C) Department.
  - 4) The Energy Department.
  - 5) The Public Enterprises Department.
  - 6) The M.D., Andhra Pradesh Power Generation Corporation Limited.
  - 7) M/s. The Singareni Collieries Company Limited, Kothagudem, Khammam Dist.
  - 8) The Director of Mines and Geology, Hyderabad.
  - 9) Ps to Secretary (Industries & Commerce) Department.
- SF/SCs.

"Copy of this order is available on the Internet and can be accessed at the address "<http://www.ap.gov.in/goir>".

// Forwarded :: By Order //

SECTION OFFICER